

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Federal-State Joint Board on Separations)	CC Docket No. 80-286
)	
Proposal for Interim Adjustments to)	
Jurisdictional Separations Allocation Factors)	

COMMENTS OF SPRINT NEXTEL CORPORATION

Sprint Nextel Corporation (“Sprint”), pursuant to the Public Notice released on March 30, 2010 (FCC 10J-1) hereby respectfully submits its comments on a proposal by the State Members of the Federal-State Joint Board on Separations (“State Members”) to adjust the jurisdictional separations allocation factors and category relationships pending comprehensive reform.¹ The State Members note that existing allocation factors are stale (March 5 Letter, p. 1) and propose, among other things, to directly assign special access investment based upon the ratio of 2008 interstate special access revenues to 2008 total regulated revenues (*id.*, p. 8).

There can be no dispute that many of the regulatory mechanisms currently in place are desperately in need of reform to reflect new technologies and marketplace realities. As the State Members point out, special access is especially problematic. Numerous parties have challenged the reasonableness of the rates, terms and conditions governing provision of these services by price cap incumbent local exchange carriers

¹ Letter from State Members of the Federal State Joint Board on Separations to Mignon Clyburn, Chair, Federal State Joint Board on Separations, dated March 5, 2010 (“March 5 Letter”).

(“ILECs”),² citing, among other factors, the extraordinary and sustained rates of return for special access services formerly reported in ARMIS as one indicia of the ILECs’ exercise of their market dominance. The State Members’ proposal provides ILECs with an opportunity to address any alleged jurisdictional mismatches between revenues, cost, and investment, and to provide information on their “real” rates of return for special access services.

While the State Members are undoubtedly correct that re-evaluation of special access cost and investment allocations is overdue, Sprint respectfully disagrees with their proposed allocation methodology. Allocating special access investment and costs to the interstate jurisdiction based on interstate revenues is inapt, because interstate special access revenues reflect the grossly excessive rates³ price cap ILECs have been able to charge for such services for the past several years. Direct assignment should be based on directly attributable costs and investment, and not inferred from non-cost-based revenue streams. Such information is certainly known by and within the control of the price cap ILECs, and the Commission should accordingly order these carriers to provide the cost information necessary to evaluate the reasonableness of their special access rates. If it turns out that special access rates are in fact excessive, the Commission and Joint Board will be in a better position to evaluate and correct existing regulatory mechanisms which affect intra- and interstate pricing.

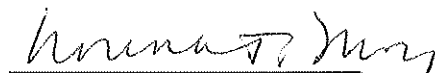
² See, e.g., comments filed by Sprint in WC Docket No. 05-25 on August 8, 2007; reply comments dated August 15, 2007; *ex parte* letter dated October 5, 2007; comments dated January 19, 2010; reply comments dated February 24, 2010. See also, Sprint comments in GN Docket No. 09-51 dated June 8, 2009; Sprint comments in GN Docket No. 09-47 dated November 4, 2009.

³ In addition to the up to triple digit rates of return generated by price cap ILECs’ interstate special access rates, special access rates are excessive compared to more cost-based UNE rates and to comparable retail offerings such as DSL or FiOS.

Finally, Sprint would note that States may use intrastate cost allocation percentages that deviate from the frozen factors.⁴ Thus, if State regulators believe that intrastate cost allocations are incorrect, they may require the ILEC to base their intrastate rates on allocation factors which more accurately reflect intrastate revenues, costs and investment. State regulators need not, and should not, adopt the flawed interstate special access/total regulated revenue ratio proposed in the March 5 letter.

Respectfully submitted,

SPRINT NEXTEL CORPORATION



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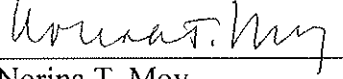
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⁴ As the Commission has noted, “[a]lthough not required to do so, many state commissions followed these [FCC’s cost assignment] rules for intrastate ratemaking purposes.” *See Petition of AT&T Inc. For Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission’s Cost Assignment Rules*, WC Docket No. 07-21; *Petition of BellSouth Telecommunications, Inc. For Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission’s Cost Assignment Rules*, WC Docket No. 05-342, *Memorandum Opinion and Order* released April 24, 2008 (FCC 08-120), para. 17.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments of Sprint Nextel Corp. was filed electronically or via US Mail on this 29th day of April, 2010 to the parties listed below.


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